



PMCPOA

Agenda

Presentation (Please hold questions until the end of the presentation)

Board Discussion (Chairman Lewis)

Questions and Answers

Member Feedback



Pine Mountain Club
Property Owners Association, Inc

Budget Proposal 2020-2021

Presented 3-14-20 by:

**Karin Shulman
and
Beth Blackmon**





PMCP OA

Mission Statement

The Pine Mountain Club Property Owners Association will provide high quality services to its members and continually improve its organizational operations and capital assets while maintaining fiscal responsibility. It will protect the intimacy and mutual respect of the community's small-village atmosphere and practice sound stewardship in conserving the surrounding natural environmental resources.



20-21 Budget Preparations

Researched 2020/2021 overall economic factors (list to follow below)

Discussed future pricing with major vendors

Presented budget assumptions to the Board of Directors for feedback and approval

Used a run rate of 7 months actual and 5 months estimated for income and expenses



20-21 Budget Preparations (cont'd)

Standardized the estimated results by adjusting for outliers and known factors (list to follow below)

Reviewed income and expense line items with each individual department head

Worked with the Budget Work Group and the Budget & Finance Committee to prepare initial draft budget



20-21 Budget Assumptions

2.5% overall inflation rate

3% overall cost of living increase

9% overall health insurance increase

2% overall energy cost increase

4% overall food cost increase



20-21 Budget Factors

Maintain member services at current high standards

Department budgets are based on overall planned services to be provided and required staffing

\$14.00 per hour minimum wage effective 1/1/2021

Funding of the Reserve to ensure the future of our Association

Greenbelt clean-up to ensure member safety



Minimum Wage Increase Impact Through 2022

	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>
Hours	20,000	20,000	20,000	20,000	20,000	20,000
Rate	<u>10.50</u>	<u>11.00</u>	<u>12.00</u>	<u>13.00</u>	<u>14.00</u>	<u>15.00</u>
Wages	210,000	220,000	240,000	260,000	280,000	300,000
Taxes	<u>17,325</u>	<u>18,150</u>	<u>19,800</u>	<u>21,450</u>	<u>23,100</u>	<u>24,750</u>
	<u>227,325</u>	<u>238,150</u>	<u>259,800</u>	<u>281,450</u>	<u>303,100</u>	<u>324,750</u>
Increase		10,825	21,650	21,650	21,650	21,650



Minimum Wage Increase Impact Through 2022

	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>
Hours	17,500	17,500	17,500	17,500	17,500	17,500
Rate	<u>10.50</u>	<u>11.00</u>	<u>12.00</u>	<u>13.00</u>	<u>14.00</u>	<u>15.00</u>
Wages	183,750	192,500	210,00	227,50	245,00	262,500
Taxes	<u>15,159</u>	<u>15,881</u>	<u>17,325</u>	<u>18,769</u>	<u>20,213</u>	<u>21,656</u>
	<u>198,909</u>	<u>208,381</u>	<u>227,325</u>	<u>246,269</u>	<u>265,213</u>	<u>284,156</u>
Increase		9,472	18,944	18,944	18,944	18,944



20-21 Outliers and Known Key Expenses

Asphalt/Striping of Roads	\$315,000
Association General Insurance	\$330,000
Workers' Compensation Insurance	\$112,614
Payroll Service Fee	\$102,000
Allowance for Bad Debt	\$ 24,000
Reserve Contribution	\$462,000
Greenbelt Cleanup	\$ 50,000



E-14: Budget Process Timeline

February 12 – Budget & Finance Committee Meeting

February 13 – Budget Working Group Meeting

February 17 – Budget Working Group Meeting

February 17 – First Draft Budget to the Condor

March 5 – Budget Working Group Meeting

March 14 – Special Open Board Budget Meeting

March 21 – Open Board Meeting for final direction on establishing the 2020-2021 annual assessment



E-14: Budget Process Timeline (cont'd)

March 23 – Draft budget line item detail available at office

March 23 – Second Summary Draft Budget to the Condor

TBD – Final Budget Working Group Meeting

April 15 – Budget and Finance Committee meeting for final review of proposed budget

April 18 – Board Meeting budget resolution vote

May 3 – Print & Mail 20/21 Fiscal Year Assessment Packet



Administration/Office and Association Business

	<u>19/20 Budget</u>	<u>Proposed 20/21 Budget</u>	<u>Variance</u>
<u>Administration/Office</u>			
Revenue	4,704,826	4,829,423	124,597
Payroll	(644,666)	(721,471)	(76,805)
Operating Expenses	<u>(943,540)</u>	<u>(931,700)</u>	<u>11,840</u>
Profit (Loss)	<u>3,116,620</u>	<u>3,176,252</u>	<u>59,632</u>
<u>Association Business</u>			
Revenue	5,400	8,100	2,700
Operating Expenses	<u>(127,180)</u>	<u>(98,514)</u>	<u>28,666</u>
Profit (Loss)	<u>(121,780)</u>	<u>(90,414)</u>	<u>31,366</u>



Patrol and Environmental Control

	<u>19/20 Budget</u>	<u>Proposed 20/21 Budget</u>	<u>Variance</u>
<u>Patrol</u>			
Revenue	1,200	1,200	0
Payroll	(386,788)	(348,161)	38,627
Operating Expenses	<u>(19,320)</u>	<u>(24,200)</u>	<u>(4,880)</u>
Profit (Loss)	<u>(404,908)</u>	<u>(371,161)</u>	<u>33,747</u>
<u>Environmental Control</u>			
Revenue	7,200	10,200	3,000
Payroll	(92,788)	(79,172)	13,616
Operating Expenses	<u>(18,160)</u>	<u>(12,180)</u>	<u>5,980</u>
Profit (Loss)	<u>(103,748)</u>	<u>(81,152)</u>	<u>22,596</u>



Maintenance Operations and Clubhouse Maintenance

	<u>19/20 Budget</u>	<u>Proposed 20/21 Budget</u>	<u>Variance</u>
<u>Maintenance Operations</u>			
Revenue	7,600	5,800	(1,800)
Payroll	(462,552)	(484,632)	(22,080)
Operating Expenses	<u>(451,060)</u>	<u>(417,740)</u>	<u>33,320</u>
Profit (Loss)	<u>(906,012)</u>	<u>(896,572)</u>	<u>(9,440)</u>
<u>Clubhouse Maintenance</u>			
Payroll	(175,360)	(139,096)	36,264
Operating Expenses	<u>(179,400)</u>	<u>(174,320)</u>	<u>5,080</u>
Profit (Loss)	<u>(354,760)</u>	<u>(313,416)</u>	<u>41,344</u>



The Condor Café and The Lounge

	<u>19/20 Budget</u>	<u>Proposed 21/21 Budget</u>	<u>Variance</u>
<u>The Condor Cafe</u>			
Revenue	243,500	351,000	107,500
Payroll	(270,956)	(325,873)	(54,917)
Operating Expenses	<u>(124,500)</u>	<u>(143,994)</u>	<u>(19,494)</u>
Profit (Loss)	<u>(151,956)</u>	<u>(118,867)</u>	<u>33,089</u>
<u>The Lounge</u>			
Revenue	201,100	198,950	(2,150)
Payroll	(98,724)	(99,869)	(1,145)
Operating Expenses	<u>(108,076)</u>	<u>(97,420)</u>	<u>10,656</u>
Profit (Loss)	<u>(5,700)</u>	<u>1,661</u>	<u>7,361</u>



The Pro Shop and Golf Course Maintenance

	<u>19/20 Budget</u>	<u>Proposed 20/21 Budget</u>	<u>Variance</u>
<u>The Pro Shop</u>			
Revenue	94,250	107,575	13,325
Payroll	(98,856)	(97,338)	1,518
Operating Expenses	<u>(34,200)</u>	<u>(30,375)</u>	<u>3,825</u>
Profit (Loss)	<u>(38,806)</u>	<u>(20,138)</u>	<u>18,668</u>
<u>Golf Course Maintenance</u>			
Payroll	(243,778)	(198,360)	45,418
Operating Expenses	<u>(57,220)</u>	<u>(68,400)</u>	<u>(11,180)</u>
Profit (Loss)	<u>(300,998)</u>	<u>(266,760)</u>	<u>34,238</u>



RV/Campground & Parks/Grounds and Refuse/Recycling

	<u>19/20 Budget</u>	<u>Proposed 20/21 Budget</u>	<u>Variance</u>
<u>RV/Campground & Parks/Grounds</u>			
Revenue	19,600	19,200	(400)
Payroll	(11,840)	(10,476)	1,364
Operating Expenses	<u>(11,090)</u>	<u>(9,627)</u>	<u>1,463</u>
Profit (Loss)	<u>(3,330)</u>	<u>(903)</u>	<u>2,427</u>
<u>Refuse and Recycling</u>			
Revenue	28,800	1,200	(27,600)
Payroll	(66,787)	(64,253)	2,534
Operating Expenses	<u>(62,980)</u>	<u>(84,760)</u>	<u>(21,780)</u>
Profit (Loss)	<u>(100,967)</u>	<u>(147,813)</u>	<u>(46,846)</u>



Equestrian Center and The Post Office

	<u>19/20 Budget</u>	<u>Proposed 20/21 Budget</u>	<u>Variance</u>
<u>Equestrian Center</u>			
Revenue	53,000	54,300	1,300
Payroll	(189,409)	(173,971)	15,438
Operating Expenses	<u>(47,438)</u>	<u>(46,610)</u>	<u>828</u>
Profit (Loss)	<u>(183,847)</u>	<u>(166,281)</u>	<u>17,566</u>
<u>The Post Office</u>			
Revenue	76,500	76,500	0
Payroll	(92,199)	(93,986)	(1,787)
Operating Expenses	<u>(30,600)</u>	<u>(31,200)</u>	<u>(600)</u>
Profit (Loss)	<u>(46,299)</u>	<u>(48,686)</u>	<u>(2,387)</u>



The Pool and Recreation/Events

	<u>19/20 Budget</u>	<u>Proposed 20/21 Budget</u>	<u>Variance</u>
<u>The Pool</u>			
Payroll	(20,838)	(20,345)	493
Operating Expenses	<u>(7,710)</u>	<u>(7,165)</u>	<u>545</u>
Profit (Loss)	<u>(28,548)</u>	<u>(27,510)</u>	<u>1,038</u>
<u>Recreation and Events</u>			
Revenue	2,050	2,450	400
Payroll	(98,691)	(95,850)	2,841
Operating Expenses	<u>(12,320)</u>	<u>(22,840)</u>	<u>(10,520)</u>
Profit (Loss)	<u>(108,961)</u>	<u>(116,240)</u>	<u>(7,279)</u>



Projects and Reserve Funding

	<u>19/20 Budget</u>	<u>Proposed 20/21 Budget</u>	<u>Variance</u>
<u>Projects & Reserve Funding</u>			
Reserve Fund	(356,000)	(462,000)	(106,000)
Project Contingency	(0)	(0)	(0)
Project Expenses	<u>(0)</u>	<u>(50,000)</u>	<u>(50,000)</u>
Profit (Loss)	<u>(356,000)</u>	<u>(512,000)</u>	<u>(156,000)</u>
<u>Other Budget Items</u>			
Reserve Interest	44,000	51,823	
19/20 Projected Carryover	312,673		



Calculation of Proposed Assessment

	19/20 Pro Forma Actuals	19/20 Budget	19/20 Variance	2020/2021 Budget	Increase / (Decrease)
<u>Revenue</u>					
Assessment Income	4,632,421	4,637,966	(5,545)	4,745,003	107,037
Operating Interest	40,994	31,220	9,774	36,000	4,780
General & Administrative	94,252	35,640	58,612	48,420	12,780
Association Business	9,321	5,400	3,921	8,100	2,700
Patrol	7,000	1,200	5,800	1,200	0
Maintenance Operations	5,022	7,600	(2,578)	5,800	(1,800)
Environmental Control	17,057	7,200	9,857	10,200	3,000
RV/Campgrnd & Parks/Grnds	19,991	19,600	391	19,200	(400)
Refuse & Recycling	11,195	28,800	(17,605)	1,200	(27,600)
Equestrian Center	57,612	53,000	4,612	54,300	1,300
Pro Shop	106,177	94,250	11,927	107,575	13,325
Lounge	197,386	201,100	(3,714)	198,950	(2,150)
Condor Café	377,064	243,500	133,564	351,000	107,500



Calculation of Proposed Assessment (cont'd)

1

	Forma Actuals	19/20 Budget	Variance	2020/2021 Budget	Increase / (Decrease)
Revenue (cont'd)					
Recreation & Events	3,497	2,050	1,447	2,450	400
Post Office	76,500	76,500	0	76,500	0
Designated Funds used	<u>674,65</u>	<u>100,00</u>	<u>574,65</u>	<u>—</u>	<u>(100,000)</u>
Total Revenue	6,330,140	5,545,026	785,114	5,665,898	120,872
Expenses					
General & Administrative	1,512,065	1,588,206	(76,141)	1,653,171	64,965
Association Business	99,112	127,180	(28,068)	98,514	(28,666)
Patrol	383,530	406,108	(22,578)	372,361	(33,747)
Clubhouse Maintenance	278,129	354,760	(76,631)	313,416	(41,344)
Maintenance Operations	932,960	913,612	19,348	902,372	(11,240)
Environmental Control	99,871	110,948	(11,077)	91,352	(19,596)
RV/Campgrnd & Parks/Grnds	10,946	22,930	(11,984)	20,103	(2,827)
Refuse & Recycling	142,954	129,767	13,187	149,013	19,246



Calculation of Proposed Assessment (cont'd)

	19/20 Pro Forma Actuals	19/20 Budget	19/20 Variance	2020/2021 Budget	Increase / (Decrease)
Expenses (cont'd)					
Equestrian Center	189,054	236,847	(47,793)	220,581	(16,266)
Pro Shop	116,358	133,056	(16,698)	127,713	(5,343)
Golf Maintenance	244,163	300,998	(56,835)	266,760	(34,238)
Lounge	174,836	206,800	(31,964)	197,289	(9,511)
Condor Café	485,048	395,456	89,592	469,867	74,411
Recreation & Events	92,461	111,011	(18,550)	118,690	7,679
Pool	14,075	28,548	(14,473)	27,510	(1,038)
Post Office	117,083	122,799	(5,716)	125,186	2,387
Project Expenses	131,184	0	131,184	50,000	50,000
Project Contingency	76,639	0	76,639	0	0
Reserve Funding	<u>817,000</u>	<u>356,000</u>	<u>461,000</u>	<u>462,000</u>	<u>106,000</u>
Total Expenses	<u>5,917,467</u>	<u>5,545,026</u>	<u>372,441</u>	<u>5,665,898</u>	<u>120,872</u>
Net Revenue Over Expenses	<u>412,673</u>		<u>412,673</u>		<u>0</u>



Calculation of Proposed Assessment (cont'd)

1

	Forma Actuals	19/20 Budget	19/20 Variance	2020/2021 Budget	Increase / (Decrease)
<u>Additional Reserve Funding</u>					
Operating Fund Contributions (pending verification by the Audit & approval by Board)				<u>412,673</u>	
<u>Projected Excess (Deficit)</u>					
Budget Year 2019/2020 (pending verification by the Audit & approval by Board)				<u>412,673</u>	
Assessment Amount					41
Billable Lots		2,891.5		2,884.5	7



Assessment increase by key factors

	Assessment increase	Dollar Amount increase
Planning for PMCPOA's Future		
• Reserve Funding	\$ 37	\$107,037
Mandatory Cost increases		
• Minimum wage increase	\$ 15	\$ 43,000
• General inflation	\$ 24	\$ 69,400
Reductions compared to 19/20 Budget		
• Condor Publications	\$ (6)	\$ (18,000)
• Water	\$ (4)	\$ (12,000)
• Pro Shop	\$ (6)	\$ (18,668)
• Condor Café	\$ (11)	\$ (33,000)
• Legal Services	\$ (8)	\$ (24,000)



Retained Earnings vs Cash

Description	Amount
19/20 Retained Earnings	438,713
Plus: Non cash expenses (bad debt)	43,293
Less: Non cash revenues (gains)	(17,394)
Less: Increase in Assessment receivable	(28,478)
Less: Increase in Other Assets	(19,235)
Plus: Increase in Accrued expenses	31,128
Less: Decrease in Prepaid Assessments/Deferred Revenue	(134,489)
Less: Decrease in Deposits (EC, EQ, etc)	(2,426)
Plus: Increase in Trust Accounts	5,720
Cash Balance from Operating Activities	316,832



Retained Earnings vs Cash (cont'd)

Description	Amount
Cash Balance from Operating Activities	316,832
Plus: Reimbursement for Reserve items purchased with Operating cash	82,098
Less: Assets purchased with Operating cash	(12,661)
Cash Balance after Financing Activities	386,269
Cash and Cash Equivalents at 06/30/18	2,689,498
Plus: Cash increase at 06/30/19	386,269
Cash and Cash Equivalents at 06/30/19	3,075,767



Available Cash as of 01/31/2020

Description	Amount
Cash and Cash Equivalents at 06/30/19	3,075,767
Plus: Cash provided by Operation as of 01/31/20	41,942
Less: Reserve assets purchased with Operating funds	(6,718)
Less: Reserve Funding (excess 18/19 & correction 19/20)	(461,000)
Less: Assets purchased with Operating funds	(5,669)
Less: Current Liabilities (accrued expenses)	(415,651)
Less: Prepaid Assessments	(51,097)
Less: Member Deposits & Credits (incl Restricted Funds)	(75,327)
Less: Deferred Assessments	(1,782,816)
Less: Other Deferred income (EC deposits)	(13,860)
01/31/20 Available Cash before designation	305,571



Available Cash as of 01/31/2020 (cont'd)

Description	Amount
01/31/20 Available Cash before designation	305,571
Remaining cash designated for:	
19/20 Assessment	(100,000)
Building Phase 1&2	(436,268)
Golf Course renovation	(2,967)
Glacier Creek	(55,008)
19/20 Project contingency fund (25% of 18/19 net profit)	(87,454)
Total 06/30/19 Designated Cash	(681,697)
01/31/20 cash available before 19/20 designations	(376,126)



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Available Cash as of 01/31/2020 (cont'd)

Description	Amount
01/31/20 cash available before 19/20 designations	(376,126)
Short-Term Assets as of 01/31/20	
Net Receivables (Receivables less Reserve Bad Debt)	144,073
Inventory/Prepays/Deposits	234,195
PMC Lots for Sale	78,461
Total Short-Term Assets as of 01/31/20	456,729
Potential available cash as of 01/31/20	80,603



Available Cash as of 01/31/2020 (cont'd)

Description	Amount
Potential available cash as of 01/31/20	80,603
Plus: 19/20 Assets purchased with Operating funds	5,669
Plus: Additional Funds transferred to Reserve	44,000
Less: Designated funds used in 19/20	(95,829)
01/31/20 Net Income	34,443



Reserve Analysis as of 07/01/20

Major Changes in the Reserve Study

- This continues to be the most comprehensive study done in years
- Software that allows us to update the study for changes
- Clubhouse and Pool added to reserve study in 19/20 and further updated in the 20/21 study
- Adding the Clubhouse and Pool dropped the percentage of funding from 88% to 42% in 19/20 study
- Aggressive Reserve Funding is needed to bring reserve back to a better funded state



Reserve Analysis as of 07/01/20 (cont'd)

Executive Summary



Pine Mountain Club Property Owner's Association
Pine Mountain, CA

Date Prepared: Mar 6, 2020
Start Date: Jul 1, 2020

Project Description

Property Name:	Pine Mountain Club Property Owner's Association
Location:	Pine Mountain, CA
Project Type:	Master Association
Number of Units:	2885
Age of Project:	42 Year(s)

Financial Summary

Starting Reserve Balance:	\$3,200,000
Fully Funded Reserve Balance:	\$7,648,160
Percent Funded:	42%
Current Replacement Cost:	\$11,027,992
Deficit/Surplus vs. Fully Funded Reserve:	(\$4,448,160) or (\$1,541.82) Per Unit Avg

Assumed Inflation, Interest & Rate of Annual Reserve Contribution Increase

Funding and anticipated expenditures have been computed with a Time Value of Money approach. Inflation was applied to the anticipated expenditures , and average interest to the ending reserve balance values.

Annual Inflation Rate: 3.00 %

Annual Interest Rate: 1.60 %

Annual Reserve Contribution Increase: 3.00 %



Reserve Analysis as of 07/01/20 (cont'd)

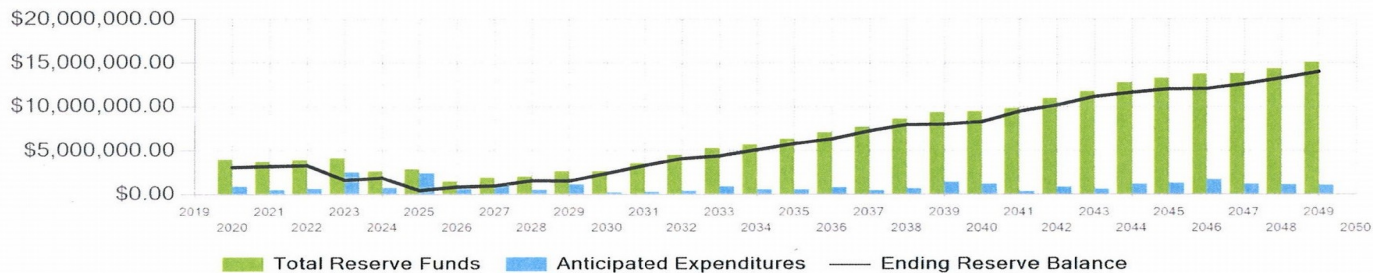
Current Funding - 100% in 30 years



Pine Mountain Club Property Owner's Association
Pine Mountain, CA

Date Prepared: Mar 6, 2020
Start Date: Jul 1, 2020

This plan represents annual reserve contributions, rate of annual reserve contributions, and special assessments applied to year 1 based on specified durations which are detailed in the plan. The plan allows for multiple ladders or steps to be included in order to develop a more flexible plan that can account for gradual reserve contribution increases over time while addressing funding requirements. It takes into account an inflation factor of 3% per year and interest rate of 1.6% per year. This funding plan is a more realistic approach and allows for strategic budgeting of reserves. If adopted, this plan should be reviewed annually and adjusted accordingly to ensure all funding goals and expectations are being met.



Year	Annual Reserve Contributions	Yearly Reserve Contributions (Avg. Per Unit)	Starting Reserve Balance	Interest Earned	Total Reserve Funds	Anticipated Expenditures	Ending Reserve Balance	Fully Funded Reserve Balance	Percent Funded
2020-2021	\$462,000	\$160.14	\$3,450,000	\$51,823	\$3,963,823	\$884,133	\$3,079,690	\$7,535,509	41%
2021-2022	\$554,400	\$192.17	\$3,079,690	\$49,819	\$3,683,909	\$486,459	\$3,197,450	\$7,846,140	41%
2022-2023	\$665,280	\$230.60	\$3,197,450	\$51,455	\$3,914,185	\$628,365	\$3,285,820	\$8,037,495	41%
2023-2024	\$798,336	\$276.72	\$3,285,820	\$38,949	\$4,123,105	\$2,501,391	\$1,621,714	\$6,323,469	26%
2024-2025	\$958,003	\$332.06	\$1,621,714	\$27,584	\$2,607,301	\$753,457	\$1,853,844	\$6,377,034	29%

Rate of Annual Reserve Contribution Increases: 20.00%

Duration: 5 years

Additional Funds To Reserves: \$250,000.00



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Agenda

Board Discussion (Chairman Lewis)

Questions and Answers

Member Feedback